

The Industries and Occupations of the Self-Employed

A look at how self-employment rates for Utah compare with rates for the United States

According to the most recent American Community Survey (ACS) data, 6.2 percent of workers in the United States and 4.6 percent in Utah were classified as self-employed during 2011. Economists suggest that many are self-employed due to a lack of alternative labor market opportunities, but economic research shows that is true for only a small group. The two most important motivations behind self-employment are independence (i.e., running your own business) and the nature of the occupation (i.e., work is more suited to self-employment). While alternative data sources cannot illustrate all motives for self-employment, ACS data does reveal that self-employment tends to occur more within particular occupations and industries.

Figures 1 and 2 compare self-employment rates for Utah and the United States along major industry and occupational groups. The rates represent the percentages of self-employed workers within industries or occupations compared to all other wage and salary workers. Figure 1 demonstrates that self-employment in Utah by industry group is roughly similar to the United States except in two cases: natural resources/mining and construction. The industries are ranked from top to bottom by the highest rates for Utah. Utah self-employment rates for these industries are only about half the U.S. rates. The fact that the other services, construction and professional/business services industries are at the top is a reflection not only of the products produced, but also of the occupations associated with these industries. As Figure 2 shows, three of the top four occupational groups ranked by self-employment rates correspond closely with the top-ranked industries.

Workers pursue self-employment for many different reasons. Some occupations are better suited to self-employment due to low start-up costs, fewer regulations and ease of acquiring the necessary skills informally. With many particular occupations concentrated within specific industries, the “occupational choice” motive also influences the self-employment rates across industries. ①



Figure 1: **Self-Employed and Unpaid Family Worker Rates**
by Industry Groups, 2011

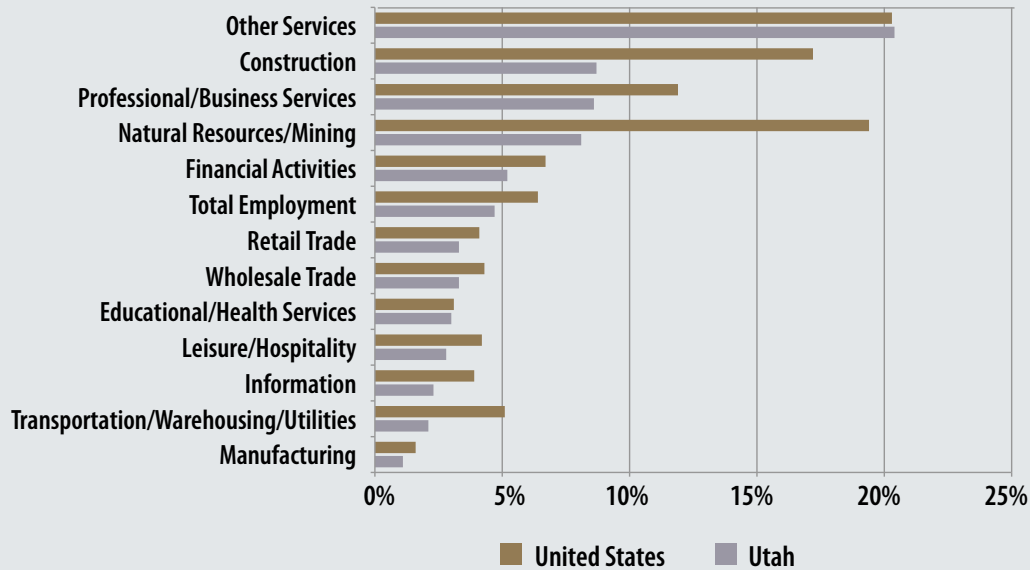
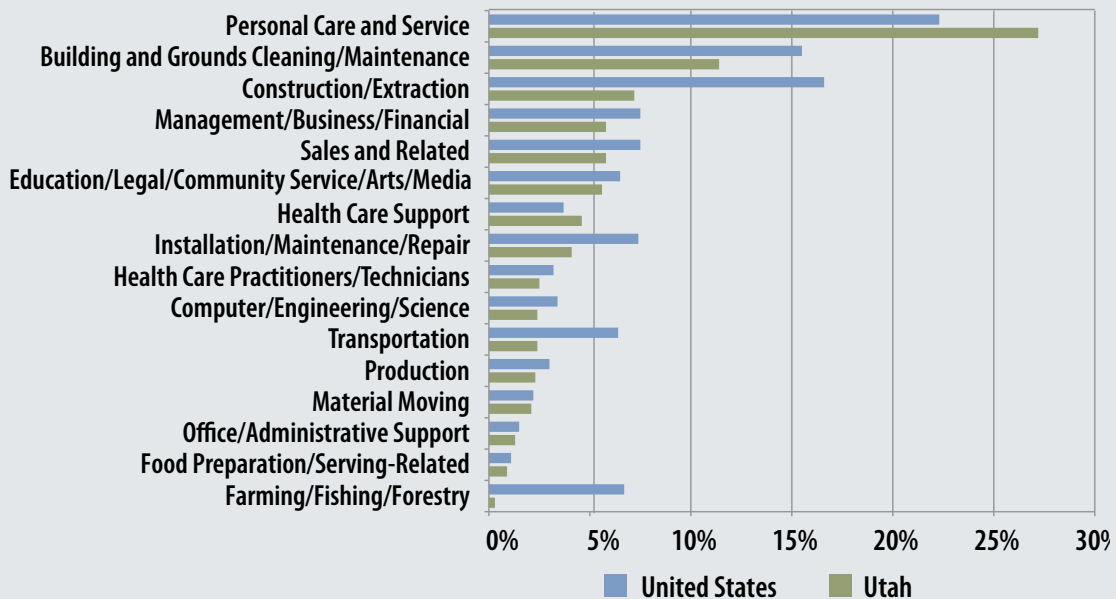


Figure 2: **Self-Employed and Unpaid Family Worker Rates**
by Occupational Groups, 2011



Source: U.S. Census Bureau, American Community Survey One-Year Estimates